

Message Text

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APPROVED BY THE DEPUTY SECRETARY

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S/S - MR. GAMMON

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TO USMISSION NATO

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TAGS: ECON, ETRD, NATO

SUBJECT: SCOPE OF NATO ECONOMIC COMMITTEE WORK

REF: (A) NATO 5026; (B) NATO 4897; (C) STATE 205147;

(D) NATO 5138

FOR THE AMBASSADOR FROM THE DEPUTY SECRETARY

1. WE HAVE CONSIDERED YOUR THOUGHTFUL SUGGESTIONS (REFS A AND D), AND WE RECOGNIZE WEIGHT OF THE ARGUMENTS THAT YOU ADDUCE IN FAVOR OF ORIENTING THE NATO ECONOMIC COMMITTEE TOWARD INTRA-WESTERN ECONOMIC PROBLEMS, IN ADDITION TO EAST-WEST ECONOMIC ISSUES WHICH HAVE BEEN ITS PRINCIPAL FOCUS TO DATE. HOWEVER, OUR CONCLUSIONS ULTIMATELY ARE THAT NATO SHOULD CONTINUE TO BE THE ONLY FORUM WHICH TREATS DEFENSE RELATED ASPECTS OF ECONOMIC QUESTIONS AMONG ALLIES AND THAT OTHER ASPECTS OF ECONOMIC QUESTIONS (WHICH ADMITTEDLY INVOLVE SOME OF SAME COUNTRIES) SHOULD BE TREATED IN OTHER FORA.
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2. WE BELIEVE THAT NATO FORUM IS NOT APPROPRIATE TO DEAL EFFECTIVELY WITH SUBJECT MATTER OF ECONOMIC ISSUES LISTED REF B EXCEPT FOR "STANDARDIZATION OF ARMAMENTS AND JOINT PRODUCTION." (THESE ISSUES INCLUDE: ECONOMIES OF

PORTUGAL, GREECE AND TURKEY; THE CHANGING PATTERN OF ENERGY; RAW MATERIALS; INFLATION AND ITS EFFECTS ON ATLANTIC RELATIONS; SPECIFIC ASPECTS OF COMMERCIAL AND

FINANCIAL RELATIONS BETWEEN EUROPE AND THE NORTH AMERICAN COUNTRIES; AND ECONOMIC DEVELOPMENT OF THE MEDITERRANEAN COUNTRIES.)

3. WHERE THESE ISSUES HAVE GLOBAL SIGNIFICANCE THEY ARE BEING HANDLED IN SUCH FORA AS GATT AND IMF. WHERE INTEREST IS REGIONAL AND OF MAJOR INTEREST TO INDUSTRIALIZED COUNTRIES, THEY ARE BEING DEALT WITH IN OECD, WHICH INCLUDES NON-NATO COUNTRIES IN EUROPE -- SWITZERLAND, SWEDEN, AND SPAIN -- AS WELL AS JAPAN -- COUNTRIES ESSENTIAL FOR EFFECTIVE CONSIDERATION OF BROAD RANGE OF ECONOMIC ISSUES OF IMPORTANCE TO U.S. AND EUROPE. THE ORIGINAL RATIONALE FOR US CHOICE OF NATO AS APPROPRIATE FORUM FOR CONSIDERATION EAST-WEST ECONOMIC ISSUES WAS THAT NATO HAS MOST DIRECTLY INTERESTED MEMBERSHIP; POLITICAL AND SECURITY ASPECTS OF THESE ISSUES ARE IMPORTANT AND DIRECTLY RELATED TO NATO INTERESTS; AND NO OTHER FORUM DEALING WITH THIS ASPECT OF THESE ISSUES. IN CASE OF INTRA-WESTERN ECONOMIC ISSUES, NATO CONSIDERATION WOULD END TO RESULT IN PROLIFERATION OF WORK ON ISSUES OF MORE DIRECT INTEREST TO ECONOMIC ORGANIZATIONS IN WHICH U.S. HAS MAJOR INPUT, WOULD REQUIRE BUILD-UP OF NATO ECONOMIC STAFF TO OBTAIN COMPETENCE TO HANDLE THESE COMPLEX ISSUES, AND COULD COMPLICATE ORDERLY HANDLING OF THESE ISSUES WITH OUR ALLIES IN APPROPRIATE ECONOMIC ORGANIZATIONS IN WHICH U.S. HAS MADE IMPORTANT COMMITMENTS FOR PURSUING THESE ISSUES, WITHOUT NECESSARILY ADDING APPRECIABLY TO OUR UNDERSTANDINGS ON THESE QUESTIONS. ON ISSUES INVOLVING IMPORTANT U.S. INTERESTS VIS-A-VIS EC, WE WANT TO KEEP THE FOCUS ON EXISTING BILATERAL US-EC CHANNELS FOR RE-CONFIDENTIAL

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SOLVING THESE ISSUES AND IN GLOBAL AND REGIONAL ORGANIZATIONS WHERE EC REPRESENTED AND CAN SPEAK FOR COMMUNITY, I.E. GATT AND OECD.

4. I WOULD LIKE TO EMPHASIZE THAT THE UTILITY OF THE ECONOMIC COMMITTEE'S UNIQUE EVALUATION OF EAST-WEST ECONOMIC ISSUES IS MOST IMPORTANT IN THE PRESENT ERA OF INCREASED TRADE. THE HEAVY US INPUT IN ITS WORK HAS HAD A PRONOUNCED EDUCATIONAL EFFECT ON OUR ALLIES AND HAS DAMPENED POTENTIALLY DIVISIVE TENDENCIES.

5. IN SUM, THE ECONOMIC ARM OF NATO DOES VERY USEFUL WORK AT PRESENT AND OUR DISPOSITION IS NOT TO ATTEMPT TO RE-FOCUS IT TOWARDS OTHER DIRECTIONS WHICH MIGHT COMPLICATE ONGOING AND CONTEMPLATED US INTERNATIONAL

ECONOMIC POLICY UNDERTAKINGS. KISSINGER

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